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# Brand failure: Factor Analytic Findings

Kauser Saeed <sup>a</sup>, Kamran Ahmed Siddiqui <sup>b,\*</sup>

<sup>a</sup> Institute of Business Management, Karachi, Pakistan

<sup>b</sup> University of Dammam, Saudi Arabia

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### ABSTRACT

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The major objective of this study was to summarize the brand failures in Pakistan from three different dimensions (a) indicators for brand failure, (b) reasons of brand failure and (c) tactics to save brands from permanent failure. The study benefited from both qualitative and quantitative methods. In the initial phase interviews and focus groups with senior marketing professionals developed the questionnaire. In the confirmatory part 196 respondents participated in the surveys who were brand experts in their fields. Data related to indicators of brand failures, reasons of brand failure, tactics to save the brand from permanent was analysed using Exploratory Factor analyses separately. Findings of the study suggested that indicators of brand failure can be categorized in two classes; one related to the Brand Promotional aspect and the other is Brand Performance in the market. Reasons for brand failures are summarized into seven categories i.e., Branding Pillars, Branding Incompetence, Brand Performance, Brand Origin, Brand Image, Brand Competition and Brand Strategy. The study has also summarized the tactics to save the brand from permanent failure into three tactics i.e., Macro Branding, Micro Branding and Core Branding Practices.

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\*Corresponding Author:  
[KASiddiqui@uod.edu.sa](mailto:KASiddiqui@uod.edu.sa)

## **1. Introduction**

The major objective of this study is to investigate the brand failures in Pakistan from three different dimensions i.e, (a) indicators for brand failure (b) reasons of brand failure and (c) tactics to save brands from permanent failure.

The primary motivation for this study is the desire to fill the gap in knowledge about the brand failures in the local market, as the academic or corporate research has not been significantly successful in finding and classifying the reasons of brand failure. Another minor motivation is a curiosity about when to re-vitalize or re-activate the brand before it is too late in local context.

Extensive research has been conducted in the field of branding in the Western world, but systematic data on Pakistan in this regard is absolutely absent. Ironically literature is absolutely absent on defining a brand failure in local context, some researchers call it “low sales”; some refer it as “low recall (un-aided/aided)”; other call it “obsolescence”. This also motivates to dig out the definition of brand failure in Pakistan.

The inspiration of studying the phenomenon of brand failure in local context is based on the book ‘Brand Failures’ by Matt Haig (2005). The author has discussed a number of brand failures and tried to draw inference out of these case studies. The study under review will validate his findings in Pakistan’s context.

## **2. Literature Review**

There is an abundance of literature on brand and branding areas but research on brand failures is very thin. Five generalizations can be made from the existing literature. Firstly, there is no study that gives a concrete measure on the criteria that determines the failure of brands.

Secondly, most of the studies talk about the factors that cause brand to be successful (McQuiston, 2004). Major work done this subject area focuses on how big brands are made successful and what aspects push them to achieve the excellence but the literature on why good brands fail is difficult to find (Khan & Lee, 2014).

Thirdly, the most prolific work on brand failure has been done by Matt Haig. There are seven crucial mistakes that brands could make and led to failure (Haig, 2005). Their findings are illustrated in table 1.

Matt Haig (2005) summarized these failure as (1) Brand Amnesia where the brand forgets what it stands for and tries to change itself; (2) Brand Ego is when the brand thinks very high of it-self and tries to diversify in other unrelated areas; (3) Brand megalomania is the result of Brand ego where brand dilution results when a brand expands in many categories; (4) Brand deception is the mistake that the brand portrays what it is not; ; (5) Brand fatigue when brand becomes old without any rejuvenation ; (6) Brand paranoia when the brand is afraid of its competitors and tries to change to look like its competitors; (7) Brand irrelevance when the brand does not change as needs changes specially in the evolving markets. Various other studies have touched the subject area.

Fourth, brand failures can be categorized in two broad categories; a) Strategy/Organizational level failure; b) Product / Brand level failure (Kumar & Murthy, 1996). Strategy/organizational level failure encompass the mismatch between organizational strategy and its resources. A product from an organization will be successful only as long as the market-organization fit is managed well. A brand/product level failure occurs when the brand fails to satisfy the customer at functional or emotional level (Schnider & Joans, 2011).

Fifth, brand failure is also linked with the decline in the brand equity (Siddiqui, 2011; Siddiqui & Sibghatullah, 2014).

Finally, one of replication studies has successfully replicated the Matt Haig's (2005) study with the local examples in Pakistan (Khakhan & Siddiqui, 2013). However it was just mapping of local examples exercise on the seven reasons outlined by Matt Haig (2005). Another study had highlighted the descriptive analyses for brand failure in Pakistan (Saeed & Siddiqui, 2015) but the need for factor analytic findings is still there. This article serves such a need.

**Table 1**

Comparative analysis of earlier work in brand failure

Matt Haig (2005)	Kumar & Murthy (1996)	Kotler & Keller (2011)	Narayanan (2012)
Brand amnesia.		Failure to fully understand the meaning of the brand.	
Brand deception.	Wrong positioning	Failure to live up to brand promise	Benefits of the brand not communicated clearly
Brand ego.	Lack of viable niche /segment	Failure to adequately control the brand	Poor timing of launch of a Product
Brand fatigue.	Lack of attention paid to the life cycle of the product.	Failure to balance consistency and change in the brand	
Brand irrelevance.	Unrealistic features	Failure to be patient with the brand	Irrelevant Product Concepts, Poor Packing
	Cultural reasons		Omission of cultural Dimensions
Brand megalomania.	Falling in the brand extension trap	Failure to understand the complexity of brand equity measurement and management.	Brand Dilution
Brand paranoia.	Me-too strategies	Failure to adequately support the brand	

### 3. Research Methodology

The population of the survey is the marketing managers belonging to FMCG, health/pharma, services and manufacturing sectors based in Karachi. The sampling technique used in this survey was judgmental. A sample size of 196 marketing professionals was believed to be adequate for the current study (Siddiqui, 2013) especially for conducting factor analyses (Siddiqui, 2015).

The primary data was collected with a help of a questionnaire, designed specifically for the present study. In the initial phase of study several interviews were made with several senior brand managers. The findings of these interviews were summarized with the help of two focus groups. The respondents of focus groups were senior marketing professionals and faculty members of the top business school of the country. Keeping in view of very busy

professional as target population, efforts were made to keep the questionnaire short.

Apart from the demographics of the respondents, there were three questions in the questionnaire. First question was based on eight statements showing the indications of brand failure. Second question was about the major reasons of brand failure and had 28 items. Third question was about the tactics to save brands from permanent failure and had nine items. Respondents were asked to mark these items on five point Likert scale ranging from 'Not important' to 'Most important'.

#### **4. Data Analyses**

##### **4.1 Respondent's Profile**

196 marketing/brand professionals were interviewed for this survey. These professionals were employed in marketing departments of different industries/sectors and they have been grouped in four categories namely (a) FMCG (Fast Moving Consumer Goods), (b) Pharmaceuticals and Health, (c) Services (telecom, education, etc) and (d) Manufacturing. Most of the respondents worked in the service sector and belonged to advertising agencies, media buying houses, banks and consultancies. More than 50% of respondents have more than three years of brand management experience which signifies that selected sample is appropriate and qualified to comment on different aspects of brands and brand failures. 18% respondents have handled more than ten brands and around 34% on 5-10 brands and 31% worked on 2-5 brands. 48.5 % of the sample was based upon MBAs which shows that these respondents have had the professional education which is relevant to the subject of the survey. 65% of the respondents were either the Chief Executives or Brand Managers or Marketing Managers of different companies. Others might not be having the same positions as required but they all belonged to the marketing departments. The brand knowledge of respondents according to their own perception was categorized as excellent 27%, average 41 % and poor 25% and rest did not answer this question. Combining excellent and average scores, it becomes 68% which was significant to generalize the findings.

## 4.2 Factor Analyses

For this research, Exploratory Factor Analysis (EFA) was considered appropriate based on three reasons; (a) EFA is used where there are no pre-conceived theories or expectations and (b) EFA uncovers the underlying structure of relatively large variables (Hair, Anderson, Tatham & Black, 2006). (c) EFA was also successfully adopted in many local branding studies (Hussain, & Siddiqui, 2016; Khakhan & Siddiqui, 2015; Jumani & Siddiqui, 2012; Siddiqui, Ahmad, Manan, & Choudhary, 2013; Siddiqui, Bashir, Sarki, Jaffari, & Abbas, 2012). Separate EFAs were performed on (a) indicators for brand failure, (b) reasons of brand failure and (c) tactics to save brands from permanent failure. All factor analyses were performed using Principal Component Analysis extraction method with Varimax rotation method. The factor loading criteria were applied which required that (a) a factor must have at least 2 salient item loadings greater than 0.3, (b) individual items must have at least one factor loading greater than 0.3 and (c) any item loading on more than one factor when the final solution is obtained will be placed only in the factor on which it loads most highly (Hair, et al 2006; Siddiqui, 2015).

### 4.2.1 EFA for Brand Failure Indicators

EFA was performed on 8 items of indicators of brand failure and two factors were extracted in the final solution based on the criteria listed above (Table 2). Factor 1 consists of 'Declining brand recall', 'declining brand awareness', 'Declining advertisement recall' with loading factors 0.81, 0.80 and 0.70 respectively. As all items of this factor relates to Promotion therefore Factor 1 was named as Brand Promotion. Factor 2 consists of 'Declining Sales', 'Declining profit margins', 'Declining market share' and 'shorter product life cycle' with 0.80, 0.70, 0.49 and 0.44 respectively. As these items were related to performance of marketing so it was named as Brand Performance.

**Table 2**

Exploratory Factor Analysis For Indicators of Brand Failure [KMO=0.658]

Items	Factors	
	Promotion	Performance
<b>Eigenvalue</b>	2.18	1.35
<b>Cumulative Variance Explained</b>	31.14	50.47
Declining brand recall	0.81	
Declining brand Awareness	0.80	
Declining advertisement recall	0.70	
Declining sales		0.80
Declining profit margin		0.70
Declining market share		0.49
Shorter product life cycle		0.44

Principal Component Analysis Extraction Method &amp; Varimax Rotation Method

**4.2.2 EFA for Brand Failure Reasons**

EFA was performed on 28 items related to reasons of brand failure. Seven factors were extracted in the final solution based on the criteria listed above (Table 3).

- Factor 1 include 'Pricing Faults', 'Poor distribution', 'Pricing do not match with the positioning', 'Wrong positioning', 'Poor Packaging', was named as Branding Pillars.
- Factor 2 include 'inability to read the market forces', 'Inability to read cultural cues properly', 'Inability to communicate the benefits of the product', 'Lack of attention paid to the PLC stages', 'Due to inappropriate slogans', 'due to irrelevant Product concepts' was named as Branding Incompetence.
- Factor 3 include 'overestimated market size', 'People may not be motivated to try a failed brand', 'Lack of viable niche /segment', 'Launching product at the wrong timings' was termed as Brand Performance.
- Factor 4 include 'Cheap image of country of origin', 'Consumer hatred towards country of origin' was termed as Brand Origin.
- Factor 5 include 'Due to dissatisfied consumers', 'Dilution of brand image due to irrelevant brand extensions', 'Due to executive push of an idea that does not fit the market' was labelled as Brand Image.
- Factor 6 include 'Due to strong competition', 'Failed to get high Ad recall', 'Due to low brand awareness' was named as Brand Competition.
- Factor 7 include 'Not suitable according to market needs', 'No USP', 'Me-too strategies' was termed as Brand Strategy.

### Table 3

### Exploratory Factor Analysis of Brand Failure Reasons [KMO=0.839]

[illegible]



### 4.2.3 EFA for Branding Tactics

Failing brands can be saved by employing certain branding tactics. Marketing experts were asked to rate these tactics from not important to most important. EFA was performed on 9 items related to tactics to save brands from failure. Three factors were extracted in the final solution based on the criteria listed above (Table 4).

Factor 1 include ‘Re-positioning (changing the brand’s image in consumer’s mind)’, ‘Brand Audit (measuring health of brand & detecting failure early)’, ‘Re-vitalization (changing brand elements or promotion mix )’, ‘Market research (organizing information about brands & customers)’ was named as Macro Branding Tactics. Factor 2 include ‘Brand Reinforcement (reassuring current attitudes towards a brand)’, ‘Brand Activations (engaging customers & extending the PLC)’, ‘Brand Tracking (measuring rebranding actions & detecting failure early)’ was named as Micro Branding Tactics. Factor 3 include ‘Celebrity endorsements (involving celebrities to promote the brand)’, ‘Brand Extensions (launching new products in different category)’ was Core Branding Practices.

**Table 4**

Exploratory Factor Analysis for Branding Tactics [KMO= 0.643]

Items	Factors		
	Macro Branding Tactics	Micro Branding Tactics	Core Branding Tactics
<b>Eigenvalue</b>	2.52	1.28	1.23
<b>Cumulative Variance Explained</b>	28.05	42.32	56.05
<b>Re-positioning</b> (changing the brand’s image in consumer’s mind)	0.75		
<b>Brand Audit</b> (measuring health of brand & detecting failure early)	0.72		
<b>Re-vitalization</b> (changing brand elements or promotion mix )	0.67		
<b>Market research</b> (organizing information about brands & customers)	0.59		
<b>Brand Reinforcement</b> (reassuring current attitudes towards a brand)		0.76	
<b>Brand Activations</b> (engaging customers & extending the PLC)		0.74	
<b>Brand Tracking</b> (measuring rebranding actions & detecting failure)		0.55	
<b>Celebrity endorsements</b> (involving celebrities to promote the brand)			0.78
<b>Brand Extensions</b> (launching new products in different category)			0.69

Principal Component Analysis Extraction Method: with Varimax Rotation Method

## **5. Conclusion**

This study summarizes the brand failures in Pakistan from three different perspectives. Firstly, it provides two major indicators for brand failure. A brand is considered to be a failure when either the promotion is not working to motivate the consumer or the performance of the brand in the market is unable to achieve the required results. Results indicate that Promotion resulted as clearer brand failure indicator as compared to the market performance.

Secondly, this study categorizes brand failure reasons into seven categories i.e. (1) Branding Pillars, (2) Branding Incompetence, (3) Brand Performance, (4) Brand Origin, (5) Brand Image, (6) Brand Competition and (7) Brand Strategy. Branding pillars is based on 5 marketing P's i.e. Product, Price, Promotion, Place and Positioning and has emerged as major group of brand failure reasons. Finally, this study also summarizes tactics that can save a failing brand into three groups. These are a) Macro branding tactics related to the image of the brand and the market forces; b) Micro Branding related to identifying and micro segmenting customers into more focused targets; and c) Core Branding Practices related to brand extensions and celebrity endorsement Tactics least favoured by respondents were brand extensions (launching new products in different category) and celebrity endorsements (involving celebrities to promote the brand). On a closer look this makes sense that it is not wise to extend a failing brand and also bringing a celebrity to save it is not useful.

## **6. Limitations**

The ideal respondents for this study would have been the marketing/brand managers of the companies with failed products but finding such respondents is very difficult. Therefore respondents are those managers that are currently working in marketing departments of established companies. This may adversely affect the composition of the population but that was inevitable. Another limitation was that as no instrument for data collection was available from previous studies hence data collection tool was devised by the authors based qualitative data acquired in exploratory phase of the research. This study is limited to the perceptions of the respondents and no evidence was sought to verify it.

## 7. Managerial Implications

Each product failure can be investigated from the perspective of what, if anything might have been done differently to produce and market a successful product rather than one that failed. The ability to identify key signs in the product development process can be critical. Studying product failures allows those in the planning and implementation process to learn from the mistakes of other product and brand failures. If the product should make it this far, assessing risk before the product is marketed can save an organization's budget, and avoid the intangible costs of exposing their failure to the market.

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